GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3464
ANSWERED ON:23.12.2008
FDI IN CIGARETTE AND TOBACCO SECTOR
Nahata Smt. P. Jaya Prada

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether 100 per cent FDI is permitted in the cigarette and tobacco sector under the present FDI policy;

(b) if so, the details thereof;

(c) whether there is any proposal to ban FDI in tobacco sector due to mounting pressure from NGOs and Health Ministry; and

(d) if so, the details thereof and the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a) & (b): As per the extant policy, Foreign Direct Investment (FDI) up to 100% is allowed, with prior Government approval, in the manufacture of cigars and cigarettes of tobacco products, subject to industrial licence and conditions thereof under the Industries(Development & Regulation) Act, 1951.

(c) & (d): FDI policy for cigarettes is in the process of review through inter-ministerial consultations.